



# FINANCE BILL 2015 UPDATE

## LIFE ADVISORY SERVICES

**The Finance Bill was published today, 22 October 2015, giving effect to the general taxation measures announced as part of the Budget.**

### Capital Acquisitions Tax

Today's Finance Bill confirmed the increase in the Group A tax free threshold for gifts and inheritances between parents and children. The revised threshold is €280,000 for gifts and inheritances taken on or after 14<sup>th</sup> October 2015.

There were no other changes proposed to the relevant CAT legislation so the other thresholds remain at €30,150 and €15,075 with the standard CAT rate remaining at 33%.

### Life Assurance Savings and Investments

With regard to the tax treatment of life assurance savings and investment contracts, there was no change in the Finance Bill to the rates at which gains are taxed. Thus the rate of tax for any gains on policies owned by 'personal' investors is still 41%, for Personal Portfolio Life Plans or "Wrapper" products the rate is 60% and the rate of tax where the owner of a plan is a 'corporate' entity will remain at 25%.

There was, however, a technical change to the exit tax legislation.

Up to now, the legislation required that where a plan owner wanted to claim exemption from exit tax on the basis that they were non-resident and non-ordinarily resident, an appropriate Revenue declaration had to be completed at the time the policy was effected. This was required for policies effected on or after 1st May 2006.

The requirement for this declaration of non-residence and non-ordinary residence to be completed at the time the policy is effected has been removed. The Finance Bill proposes to remove this requirement such that the Revenue declaration of non-residence for exemption from exit tax only needs to be completed, and appropriate back-up provided by the client, PRIOR to the occurrence of the chargeable event.

There was no mention of the removal of the Stamp Duty levy on life assurance protection, savings and investment products in the Finance Bill. This levy will therefore continue to apply.

## Contact us

**E-MAIL:** [advisoryservices@irishlife.ie](mailto:advisoryservices@irishlife.ie)

**WEBSITE:** [www.irishlife.ie](http://www.irishlife.ie)

**WRITE TO:** Irish Life, Lower Abbey Street, Dublin 1

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